

Poverty and Old Age

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ASSAf Workshop on “Measuring Deprivation in order to promote Human Development in South Africa”, 9-10 June 2015



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Generally, the elderly are at greater risk of poverty—
money-metric and non-money-metric—than other age
groups (except children)

U-shaped relationship between age and incidence of poverty

Post-transfer vs. pre-transfer income

Elderly at higher risk of chronic poverty

Non-money metric poverty? Location important

A note on National Transfer Accounts

“Introducing age into the National Accounts”

$$\underbrace{C(x) - Y^l(x)}_{\text{Lifecycle Deficit}} = \underbrace{\tau^+(x) - \tau^-(x)}_{\text{Net Transfers}} + \underbrace{Y^A(x) - S(x)}_{\text{Asset-based Reallocations}}$$

How is consumption—including private AND public, cash AND in-kind—financed?

In many countries, the elderly face challenges related to ineffective or changing support systems

Labour income, assets, public transfers, private transfers

Familial support system under increasing pressure:
declining fertility (?), migration, unemployment, HIV/Aids

Globally, labour income declines rapidly as age increases



Source: Oosthuizen, 2014. Data for 33 developed and developing countries, 1997-2010 from ntaccounts.org.

While dependency is currently falling, 'old-age' dependency will begin rising more rapidly

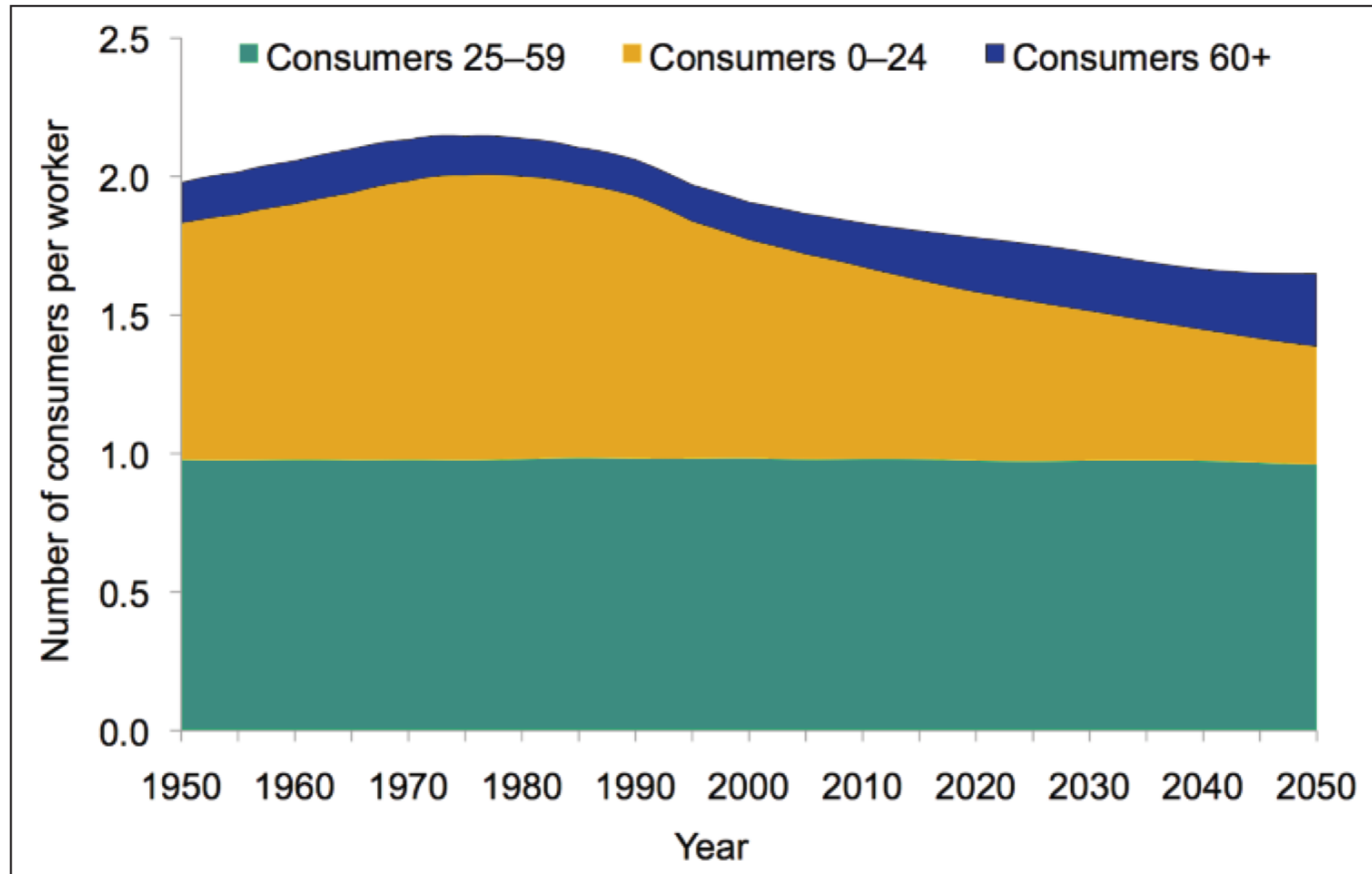
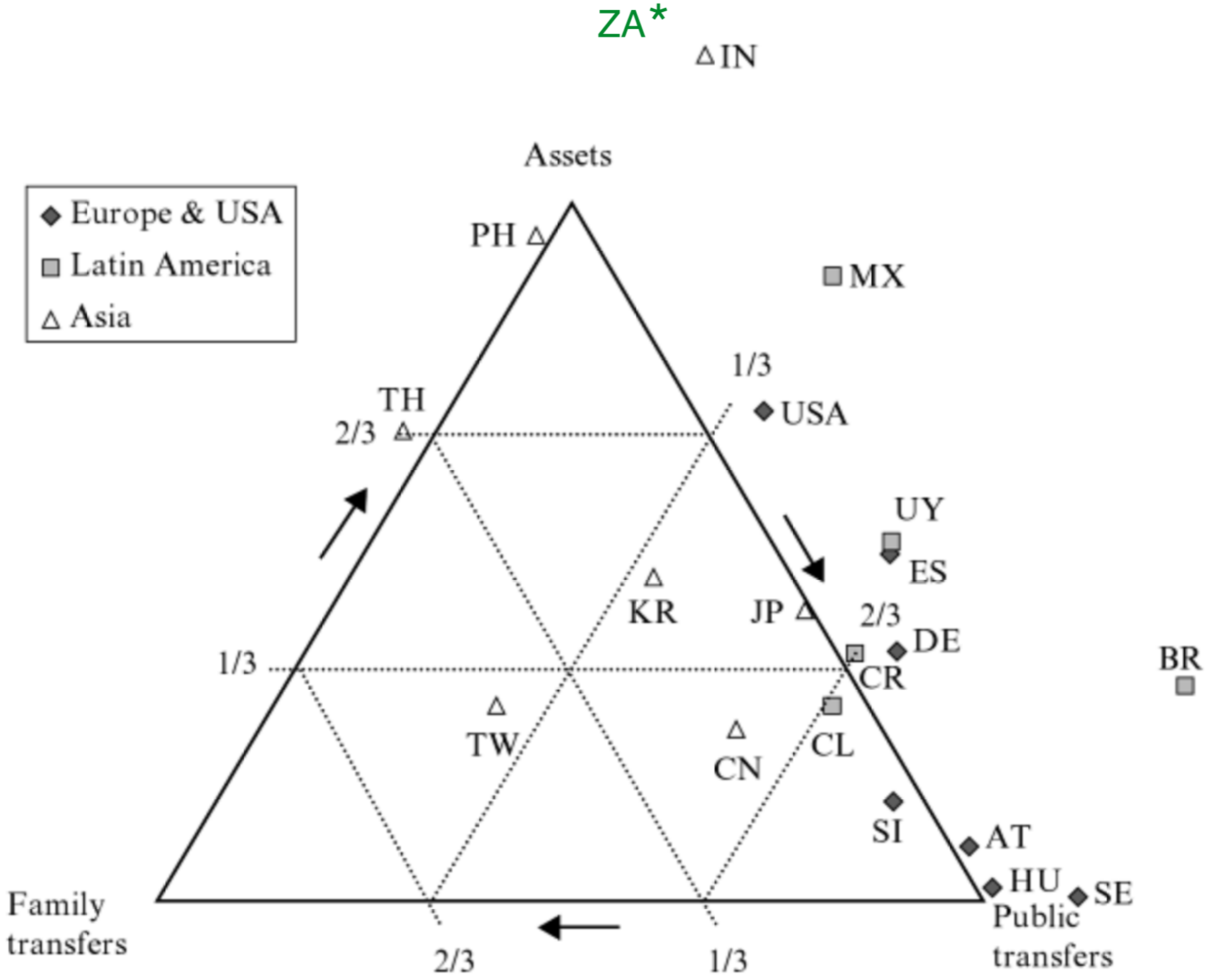


Figure 2. Changes in the number of consumers (children, working-age adults, and the elderly) per worker, in South Africa, 1950–2050.

Source: Calculated from NTA data; population estimates and projections from United Nations 2012, medium-fertility variant.

Note: The values for effective number of workers and effective number of consumers are based on population estimates for 2010 and estimates of consumption and labor income by age for 2005.

Funding the gap between consumption and labour income for those aged 65+



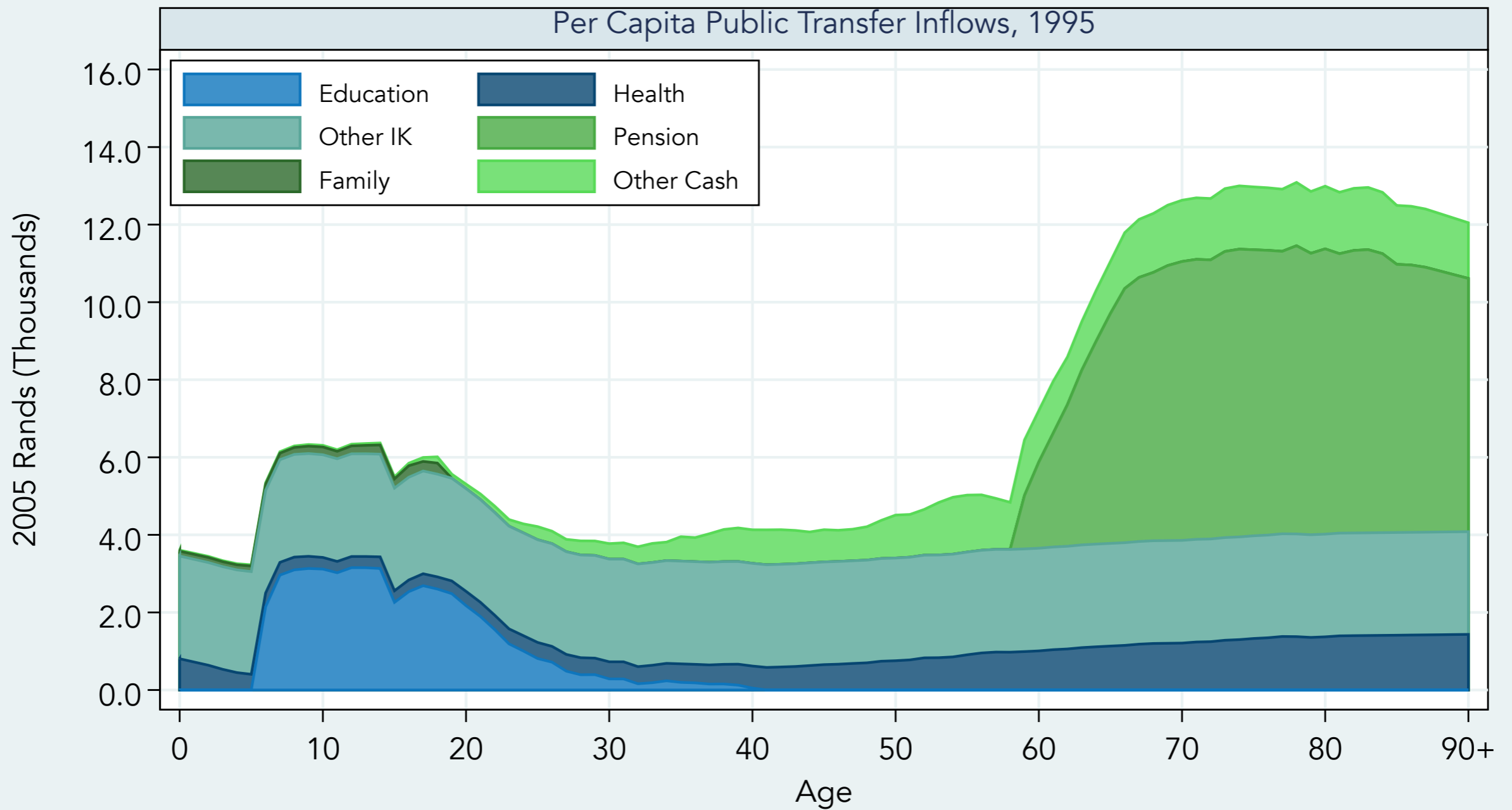
Notes: Funding shares add to unity. Consumption is net of elder labor income.

Source: Mason and Lee, 2014; Own calculations for South Africa

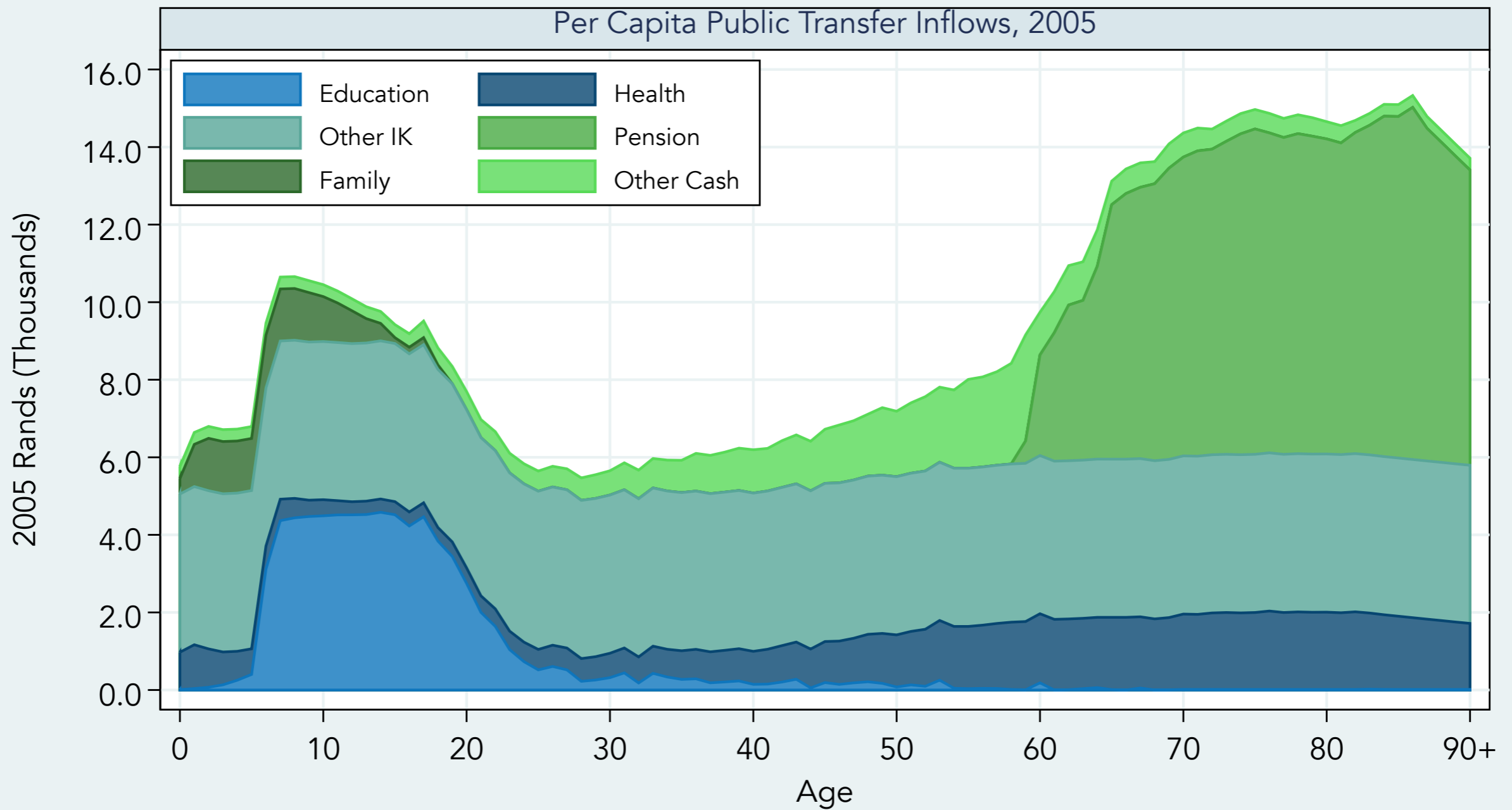
Patterns of financing consumption are changing

% of consumption	TOTAL	0-19	20-29	30-49	50-64	65+
1995						
Labour Income	78.3	2.5	88.9	157.5	96.5	8.2
Transfers	-0.6	100.1	9.6	-89.0	-68.2	-11.3
- Public	-0.5	31.6	-3.5	-24.4	-23.9	-2.1
- Private	-0.1	68.5	13.1	-64.6	-44.3	-9.2
Assets	22.3	-2.6	1.5	31.5	71.7	103.1
2005						
Labour Income	70.5	1.2	61.2	130.0	111.4	12.3
Transfers	-2.5	96.8	27.5	-72.6	-80.2	-24.6
- Public	-2.0	41.3	1.4	-29.6	-34.2	-0.9
- Private	-0.4	55.6	26.0	-43.0	-46.0	-23.7
Assets	32.0	2.0	11.4	42.6	68.9	112.3

Patterns of public transfers are changing



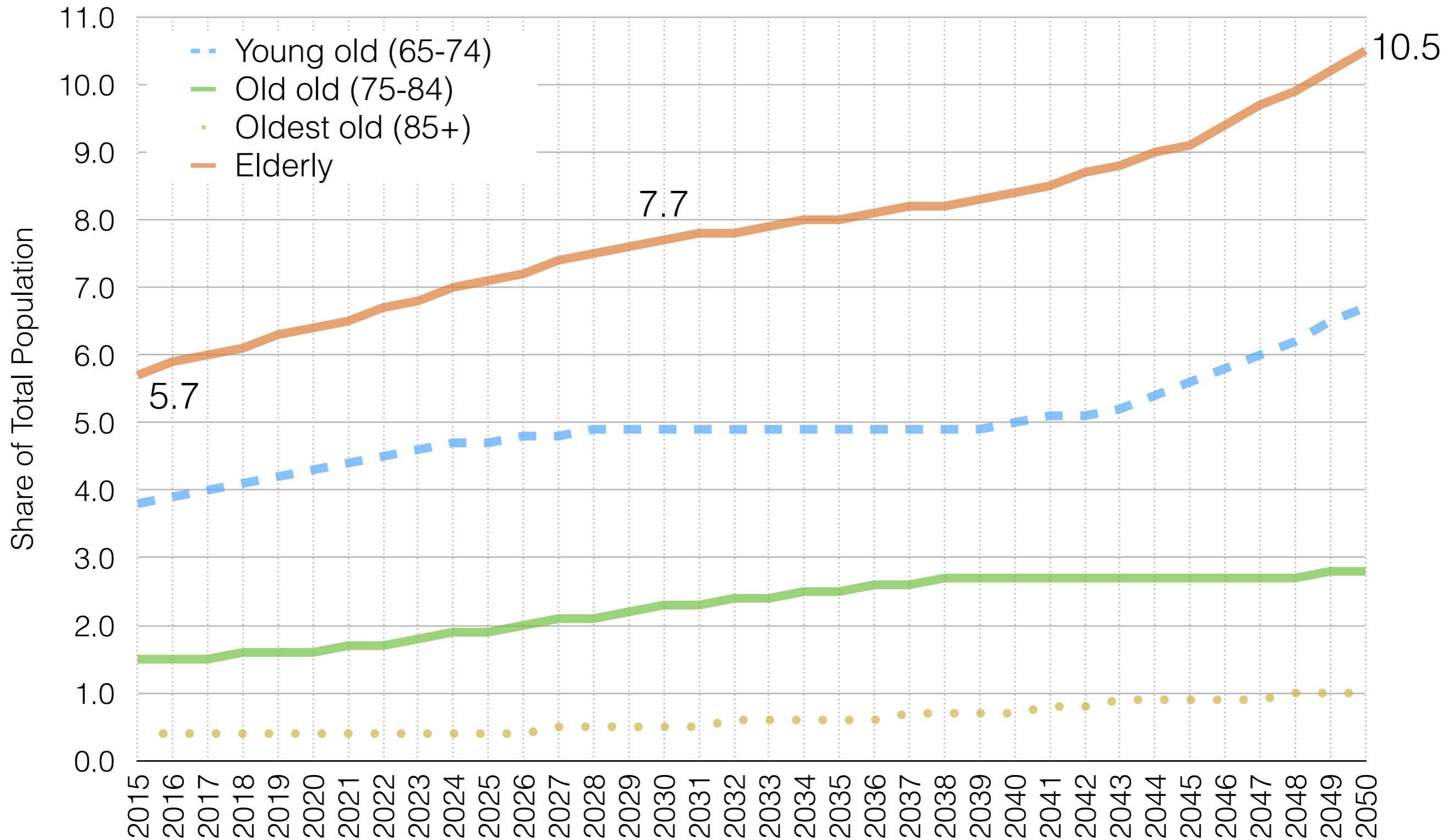
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We tend to look at 'old age' or 'the elderly' statically,
so we miss out on the dynamics

Our population is ageing and future ageing will be concentrated
within groups that are currently relatively poor

Projected Elderly Population, 2015-2050



Source: UN 2012 Population Projections (medium fertility variant)

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Feedbacks between poverty and *how well* people age, with
implications for service provision

Epigenetics and intergenerational poverty: your grandmother's
poverty status may impact how well you age...

Challenges of population ageing with respect to poverty and inequality have deep roots in the labour market

Limitations on the ability of the elderly to support themselves through engagement in the labour market

Poor labour market outcomes for the working age population may shift the burden of their support to the elderly...

...and compromise the ability of working age individuals to accumulate assets for their own support in old age